

BELLSOUTH

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August 12, 1994

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Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W. Room 222
Washington, D.C. 20554

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AUG 12 1994

RE: CC Docket No 93-292

Dear Mr. Caton:

Today, Rick Tice, Larry Kepfer, Julia Strow and the undersigned, all representing BellSouth, met with Linda Dubroff and Mary DeLuca of the Common Carrier Bureau. The purpose of this meeting was to review BellSouth's fraud detection and control systems and procedures and BellSouth's positions on issues in the above referenced proceeding. The attached material was discussed in this meeting.

Please call me if you have any questions.

Sincerely,



W. W. (Whit) Jordan
Executive Director - Federal Regulatory

Attachment

cc: Linda Dubroff
Mary DeLuca

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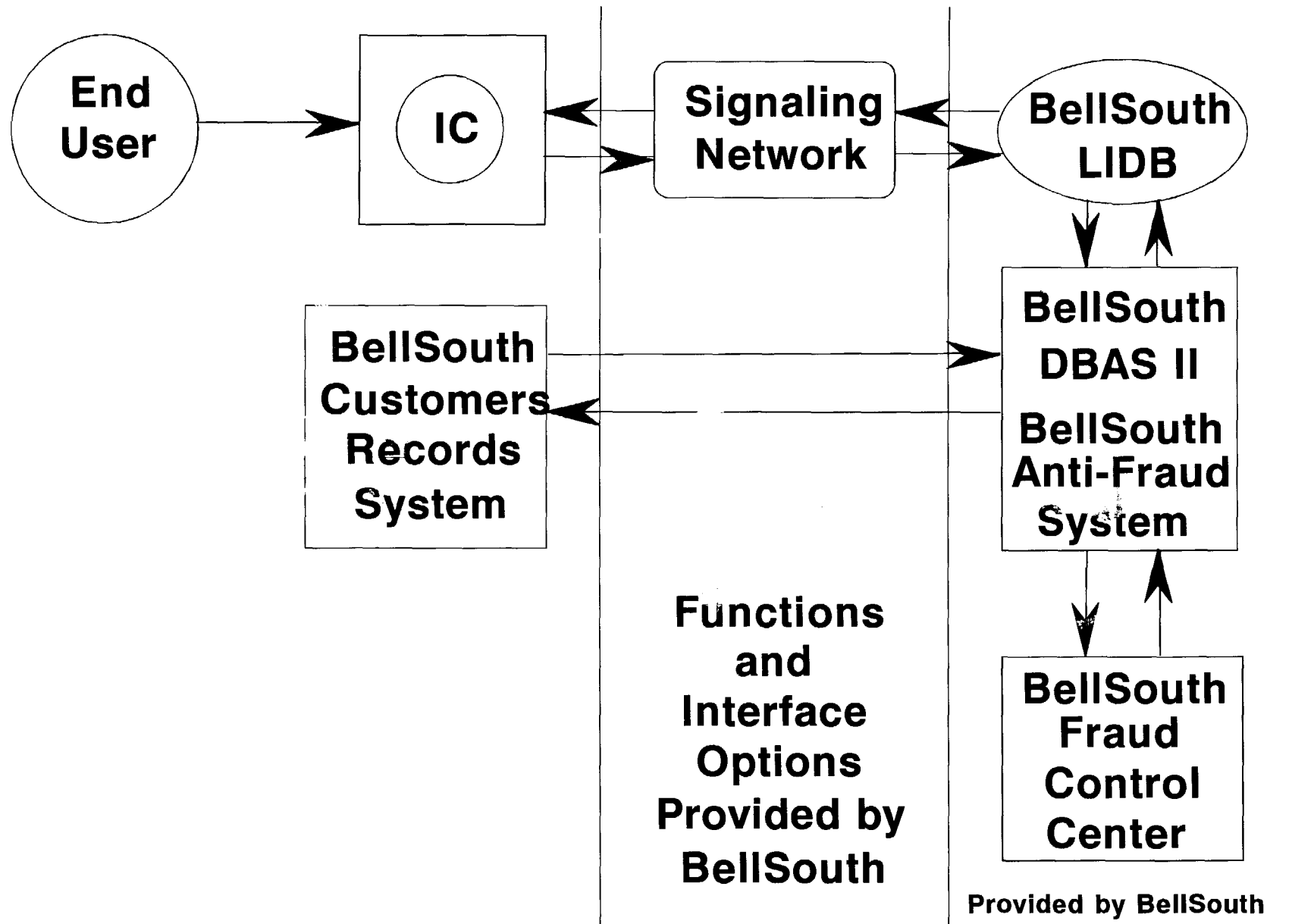
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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

BellSouth

BellSouth Toll Fraud Control Network Configuration



BellSouth Toll Fraud Control

BellSouth Fraud Control Center

- **Located in Columbia, SC**
- **Operates 24 hours a day – 7 days a week**
- **Staffed with 2 Managers
3 Supervisors
40 Investigators**
- **Handles approximately 7000 alerts monthly**
- **Investigators dedicated to fraud investigation**

BellSouth Toll Fraud Control

BellSouth Anti–Fraud System

- **Monitors every LIDB query**
Calling Card
Billed–to–Third
Collect
- **Monitors domestic and international cards**
- **Automatic deactivation for calling card**
- **Hacker detection**
- **Suspicious number list**

BellSouth Toll Fraud Control

BellSouth Anti–Fraud System (continued)

- **Back–up systems**
- **Events tailored for specific area**
- **IC referrals**
- **System maintained history**

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Investigation Procedures

- **Analyze Resources**

**Fraud Center History File
Previous 3 Months Billing
Previous Adjustments**

- **Customer Contact**

- **Disposition of Alert**

**Deactivate Calling Card
Disable Calling Card
Activate New PIN
Generate Service Order Activity
Customer Service Record Updated**

BellSouth Toll Fraud Control

BellSouth Anti–Fraud System Enhancements

- **Domestic calling card**
- **Automatic deactivation for billed–to–third and collect**
- **On–line IC referrals**
- **Automatic denial/restoral**
- **Event scheduling**

BellSouth Toll Fraud Control

BellSouth's Commitment

**To minimize IC's financial exposure to
toll fraud associated with BellSouth
billing numbers**

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Cellular Fraud Issues

- **Fraud Resulting from cloning should rest with entity best able to detect it**

In Equal Access environment toll losses should be absorbed by the IXC and cellular air time absorbed by the cellular carrier

Where cellular carrier is reselling interexchange the cellular carrier should absorb toll and air time charges

- **IXCs can validate and monitor cellular calls**
- **Legislation should be passed to make tampering with the electronic serial number a crime**

BellSouth Subscription Fraud

- **Current Issue**
- **Tariff Restrictions**

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Subscription Fraud Initiatives

- **Profile of Perpetrator**
- **Credit Verification**
 - **POSID**
 - **Decision Power**
 - **Types of Security**
 - **Positive ID**
- **MCI FREWS Report**
- **Internal Fraud Conference**
- **TCLs**

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Subscription Fraud Initiatives

- **Field Visits to Educate on Fraud**
- **1992 Subscription Fraud Study**
 - **53 Accounts Studied**
 - **No Business Office Errors Detected**
 - **Average 11 days in service**
- **Video to Educate Service Reps and Service Techs (Installers)**
- **Other Support Systems**

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1992 Customer Data

- **2.4M New applications for service**
- **1.4M No previous service w/BST**
- **25–30% Unknown to Equifax**
- **386 Identified Subscription Fraud cases**
- **\$1.8 Million in Losses**

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1993 Subscription Fraud Results

- **93 Subscription Fraud Cases**
- **\$700K in Losses**

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Flexible Automatic Number Identification(Flex-ANI)

- **No charge for service**
- **Only ANI 52 open in BST**
- **Opening code for one carrier can affect another carrier's service**
- **National forum recommendations are non-binding, i.e., voluntary implementation**

BellSouth Payphone Fraud

- **Support NANP redesignation of 809 Area Code**
- **Support removal of fraudulent charges where the IPP has taken steps to protect against fraud**
- **Support Pre–Bill Edits to automatically remove the fraudulent charges where the IPP has appropriate blocking and screening on the line**

BellSouth Payphone Recognition Tone

- **Major expense to phone owner**
- **Interferes with polling of smart phones**
- **Degrades the domestic network**
- **Increased access time to ICs that do not carry international traffic**
- **No guarantee foreign operators will adhere**
- **Support TFPC resolution**
- **Tone can be placed in gateway switch**
- **Deployment at gateway will protect cellular and other services with Billed Number Screening**

BellSouth Clip-on Fraud

- **Demarcation point at a height of 8 feet**
- **SmartLine Service available in 6 states**